

**NOAA Personal Property
Status Meeting with Line Offices
October 6, 2005 at 11:00 a.m.**

Introduction

Ezekiel Dennison, Jr., Director of Logistics Division

Purpose

These meetings are being held monthly to ensure coordination among the Personal Property Branch, Finance Office, and the Line Office CFOs and/or representatives in the areas of:

- Property Balances
- Process and Procedures
- Inventory Status
- UPR Status
- Status of Projects

Agenda

The meeting covered the following topics:

- | | |
|-----------------------------------|----------------------------------|
| · FY 2005 Accomplishments | · Property Managers |
| · FY 2006 Goals | · Inventory |
| · FY 2005 Audit | · Training |
| · Potential Audit Issues | · Improvements to Internal |
| · Audit Calendar | Controls |
| · Matrix of Missing Documentation | · Ongoing Sunflower Enhancements |
| · Anticipated Projects by Line | · Reports |
| Office | · Heritage Assets |
| · Unreconciled Procurement Report | |
| (UPR) | |

The meeting materials, presentation slides, and the minutes will be posted to the web site shortly after the meeting.

FY 2005 Accomplishments

With the help of the Property Managers, NOAA Personal Property Branch has accomplished the following:

- Eliminated FIMA UPR
- Implemented Sunflower 3.8
- Began Property Accountability Officer (PAO) and Property Custodian (PC) Training
- Initiated Line Office Reports and Meetings
- Hired personnel, including the Personal Property Branch Chief, a Property Management Specialist, a Sunflower Programmer, a Financial Accountant, and the Deputy Director of Logistics. The Financial Accountant and the Deputy Director of Logistics will begin in the next couple of weeks.
- Resolved Missing Documentation
- Resolved Potential Audit Issues

FY 2006 Goals

Our high-level goals for FY 2006 include:

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- Eliminate FY 2003, 2004, and 2005 UPR
- Automate UPR Reconciliation
- Complete timely and accurate inventories
- Continue PAO and PC Training
- Continue and improve Line Office reports and meetings

Action Plan

These goals will be accomplished by (1) implementing and improving internal controls, (2) enhancing and documenting policies and procedures, and (3) increasing training and awareness. These goals and action plans will help to lower the Personal Property audit risk.

FY 2005 Audit

The following two draft Personal Property findings have been issued to date for comment:

- Notification of Finding and Recommendation (NFR) 8: The CD 509 was not signed for one asset owned by NESDIS.
- NFR 11: An incorrect capitalized inventory certification by a Property Custodian in the CIO office was noted. An asset not listed on a certified Capitalized Inventory was later added to Sunflower with an acceptance date that pre-dated the Capitalized Inventory. A second finding listed by the auditors concerned an asset belonging to NOS that was entered into Sunflower but not capitalized until a later time.
- NFR 14: CD0001440337, a computer owned by OAR, was entered into Sunflower in January 2005 and subsequently deleted in February 2005. In August 2005, it was entered back into Sunflower thereby overstating the additions and deletions for the FY 2005.
- NFR 16: The object class code/federal supply code and useful life were certified on a capitalized inventory as being correct whereas they differed from the accounting system. (Kansas City)
- NFR 18: For five transactions reported on the Unreconciled Procurement Request (UPR), two transactions (NMFS – Software) were previously reported as an exception during the FY 2004 audit. In addition two transactions (NOS – Launches) should have been reported as CWIP.
- NFR 20: Six personal property adjustments in FY 2005 were items acquired in prior years but were not recorded into Sunflower until the supporting documentation was received from the Line Offices.

Category	Line Of- fice	Barcode	Balance	Acq. Date	Date Doc Rec'd	Date Recor- ded
Software	OAR	CD0001401841	\$202,222	9/23/03	1/14/05	2/5/05
Other	NOS	CD0000790934	396,279	5/20/04	5/10/05	5/10/05
Other	NWS	CD0001472302	584,927	7/31/04	10/4/04	10/5/04
Other	OAR	CD0000824906	209,920	6/24/04	1/14/05	3/15/04
Software	NMFS	CD0000790664	326,475	6/8/01	10/5/04	10/5/04

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R.J. Dominic requested the NFR 20 be sent out to the Line Offices for their input.

The next steps will be for KPMG to review comments received from the Line Offices and the Personal Property Branch (PPB) and then reissue the NFR's in final. It will then be the responsibility of the PPB to develop Corrective Action Plans to address the problems raised by the NFR's.

Audit Issues

Listed below are the capitalized assets that NOAA Personal Property believes have been acquired; however, all the required supporting documentation **has not been provided**. Because the year has now closed, if it turns out that these assets should have been entered in FY2005, they will now have to be entered as prior period adjustments and will therefore come to the attention of the auditors.

1. Aircraft Regulatory and Safety Upgrades– NMAO
 - a. Projected Date of Acceptance: September 2005
2. Two items resolved since August
3. One items added since August

Audit Calendar

The next topic of the meeting was the audit calendar, which can be located on the NOAA Personal Property's website at http://www.pps.noaa.gov/audit_calendar.html. The calendar highlights dates that are important in order to comply with the deadlines established by Finance. The calendar includes dates when supporting documentation is due to Personal Property and when reports are due to Finance.

On the 6th of every month supporting documentation is due to the Personal Property Office. **Reports of property transactions received after the 6th will not be included in Sunflower until the next month after the reports have been run.** Note the change in deadline for documentation. The change is due to a change in the date that reports are due to Finance. The books will be closed on the 13th of every month beginning in FY2006 and reports will be due to Finance four working days later.

Matrix of Missing Documentation

NOAA Personal Property, with the help of Ernst & Young, reviews folders created to document capitalized assets. The Matrix of Missing Documentation presents the results of the review: identifying missing documentation, any errors or issues with the existing documentation, and any errors or issues with the record of the asset in Sunflower. This matrix is updated periodically and is posted on the personal property web site. Because these items are overdue and have been reported in prior reports, the CFO will be asked for help in resolving these issues,

At the beginning of FY 2006, we had 25 barcodes with missing documentation.

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The following S/LO have missing documentation due to the Property Office:

- OAR (1 barcode):
 - Missing invoice for CD0001440337

The Personal Property Branch received invoices for this barcode earlier this week. We still need support for the trade-in (\$32,300) and the invoice for \$13,353.

In addition, there are six folders that will be reviewed in the next week. We will update the matrix on web upon the completion of the folder review.

Destroyed Property

When replacing destroyed equipment, please follow established procurement guidelines. Personal property information related to hurricanes/disasters is available on the NOAA Personal Property web site at <http://www.corporateservices.noaa.gov/~nfo/caologhome.html>. Information posted on the web includes: authorities related to emergencies and disaster relief, utilizing Sunflower web based application to report damaged or destroyed equipment, and guidance for property disposition in the wake of disasters.

Each line office received a binder of this information and a list of property that could have been affected by Hurricanes Katrina and Rita.

Each line office was urged to provide Personal Property with the status of any damaged or destroyed equipment as soon as possible (mindful of the hardships that are facing those personnel in the affected areas).

Upcoming Projects by Line Office (LO)

Please verify the following projects' projected date of acceptance (PDA).

NESDIS Projects

- SOCC workstations
 - PDA: 1st Quarter FY 2006
- Software for Advanced Front End Processors – NESDIS
 - PDA: October 2005
- NSOF (NOAA Satellite Operations Facilities) Network Core (Data Communications Network for the move to the new Suitland building) – NESDIS
 - PDA: 1st Quarter FY 2006
- CLASS Software version 4.0
 - PDA: November 2005
- N/O/P/Q SSGS Mods (Ground System Modifications for Satellites N, O, P, and Q)
 - PDA: November 2005
- Secure Remote Access Server (SRAS) – adjustment for \$89k
 - PDA: November 2005
- GOES N (Satellite)
 - PDA: 2nd Quarter FY 2006

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- Low Rate Information Transmission (LRIT)
 - PDA: January 2006
- Emergency Manager Weather Information Network (EMWIT)
 - PDA: January 2006
- Search and Rescue Satellite (SARSAT)
 - PDA: January 2006

NMAO Projects

- McArthur II/ Nancy Foster/Oscar Sette
 - PDA: To be completed in FY 2006
- McArthur (Vessel) transfer to Marshall Island
 - Waiting on Congress
- Sonar for Long Range Fishery Vessel
 - PDA: 3rd Quarter FY 2006

NMFS Projects

- Autonomous Underwater Vehicle (AUV)
 - PDA: November 2005
- Law Enforcement Records Management Software
 - PDA: December 2005

NOS Projects

- ADCAT Software
 - PDA: November 2005
- Catamaran (53 feet)
 - PDA: January 2006
- Catamaran (48 feet)
 - PDA: March 2006
- Catamaran (65 feet)
 - PDA: July 2006

NWS Projects

- ORDA (Open-systems Radar Data Acquisition)
 - PDA: November 2005
- Uninterruptible Power Supply (UPS) for NWS Telecommunications Gateway (NWSTG)
 - PDA: December 2005

Jan Evans stated that the Weather Service is going to have to deal with hazardous materials when disposing of old equipment that is being replaced by the ORDA project. The ORDA disposal plan is being updated accordingly. There will be old equipment that will have to be disposed of when installing the UPS project as well.

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NOAA Personal Property needs the Line Offices' help to identify any other future transactions related to property so that we can be proactive in accounting for those assets.

If there is any other procurement that is forecasted to occur, please provide NOAA Personal Property with information to help facilitate the accounting of that property.

UPR

NOAA has adopted the internal rule which states that object class codes beginning with 31 will be used only when acquiring accountable personal property. (See <http://www.pps.noaa.gov/acctobj.htm> for definitions of accountable property and object class codes.) Therefore, the assumption is that if a payment was made in the finance system using object class code 31, there should be a corresponding record in the property system. There are exceptions to this rule. (See <http://www.pps.noaa.gov/Training/UPR.htm> for the fact sheet on UPR.) If a LO cannot account for personal property, the LO must fill out a CD 52 to resolve outstanding items on the UPR.

Once a week, a file is captured out of CBS of all payments against object class code 31 for items other than purchase cards. Purchase card payments are captured out of CBS once a month. These files are sent to a server that adds these records to those previously existing UPR and displays them on the NOAA Personal Property Web Site. (<http://www.pps.noaa.gov>).

NOAA Personal Property breaks-out the UPR by fiscal year, by line office, and by regions. Graphs and tables are included in the Operation Reports illustrating the current status of the UPR for each Line Office by region. Other graphs illustrate progress made over that past few weeks on bringing the amount of unreconciled property down.

The only reason that a bank card should appear on the UPR with a capitalized object class code (object class codes which start with 31-1) is if the purchases are components or CWIP related, or in other words, the purchases are pieces of a larger project.

Use of the incorrect object class code affects the UPR. For example, NOAA buys equipment; however, NOAA will never own the equipment. The correct object class code for this transaction would be 315x. If the incorrect object class code is used, this transaction will appear on the UPR. Brian Mason stated that when these instances occur, an email explaining the circumstances would be sufficient for him to remove the transaction from the UPR report.

Property Managers

As part of the corrective action plan in response to MLC #7, each L/SO is required to appoint a property manager (PM) and an alternate. The L/SOs need to name the person formally (in writing). This person will be responsible for the coordination of all property management efforts for their L/SO, including:

- Ensuring that purchases of accountable property are reported timely;
- Assisting CWIP managers to ensure that capitalized property is reported as soon as possible after the asset is ready for use;
- Coordinating the annual/specialized physical inventories;

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- Assisting with the disposal of excess property; and
- Working with personnel within their Line Offices to resolve outstanding unreconciled payments appearing on the UPR.

The following personnel have been identified as principal Property Managers:

- Carol Christian, AGO
- Judy Mickens, CAO
- Barbara Beasley, CFO
- Regina Jackson, GC
- Bernadette Foreman, NESDIS
- Jeanette McDonald, NMAO
- Robert Ziobro, NMFS
- George Ann Stansbury, NOS
- Jan Evans, NWS
- Deborah Martin, OAR
- George White, USAO
- Janice Long, WFM

The CIO Property Manager position is still outstanding, although the hiring action is in place.

The following offices have identified alternate Property Managers:

- Denise Tyler-Littleford, AGO
- Cynthia Burley, CAO
- Thornette Johnson, GC
- Brian Brown, NESDIS
- Millie Ingles, NMAO
- Rhonda Perry, NMFS
- Sloane Strother, NOS
- Mary Manoogian, OAR
- Tim Daley, USAO
- Michelle Masias, WFM

We are **missing alternates** for the following Line Offices:

- CFO
- NWS
- CIO

Inventory

There are a couple of types of inventory performed by NOAA. There is an Annual Physical Inventory. The primary purpose of a physical inventory is to determine if the Property Custodian (PC) can account for all items of property on the Custodian's inventory list so the organization can reconcile the physical property with the property records and the financial records. The schedule for the physical inventories can be found at <http://www.pps.noaa.gov/invensch.htm>.

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The following first, second and third quarter FY2005 annual physical inventories are overdue:

- Headquarters:
 - NWS
 - 54201N040 – Masters, Robert
 - According to Jan Evans, this inventory has been resolved and will be submitted to Larry Oates.
 - NMFS
 - 5430FN100 – Hayden, Brian
 - According to Rhonda Perry, they are currently working with Larry Oates to resolved this inventory.
- Seattle:
 - 54001W065 – CO Fairweather

The following Capitalized Property Inventories are overdue: (Due date was June 2nd)

- Seattle:
 - 54001W065 – CO Fairweather

Training

The PAO training is on e-Learning and accessible through the Personal Property website that will take the user directly to e-Learning.noaa.gov. The user must have an e-Learning login to access the training and test. Upon successful completion of the course and a passing grade (80% or better) on the test, a certificate will be issued.

A contract is in place for extended and continuous PC training. Classes will be conducted via Internet and teleconferencing from October 2005 to May 2006.

Line and Staff Offices should include the expense for training in future budgets.

During the meeting, the property managers requested a list of the personnel in their Line Office that have not taken the training. Tom Deckard stated that he would send that list out to the various property managers within the next couple of days.

Improvements to Internal Controls

The Workflow Information Tracking System (WITS) is software that will track property record addition activity and track receipt of documentation. It includes a Personal Property Account Manager (PPAM) information toolkit. The software is currently being tested. WITS will also be able to report what is sitting in the Edit Interface Table for entry into Sunflower after a client has entered a new asset using the CD-50 web form.

CallTrax is a communication log that has been implemented at Headquarters.

Ongoing Sunflower Enhancements

Sunflower version 4.0 will be out within in the next couple of months.

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We are currently working on providing the ability within Sunflower for better descriptions of property. We are adding a “common name” field. In addition, we are adding fields that are specific to a Federal Supply Code. These additional fields will not be mandatory. Brian Mason will be conducting a poll of users to determine what fields should be added. These enhancements are NOAA enhancements to the original Sunflower software product.

Reports

The reports were the next topic of the meeting.

Financial Reports

Personal Property currently provides financial reports to the Finance Office on a monthly and quarterly basis. The monthly reports reflect the month’s activity whereas the quarterly reports reflect year-to-date activity. These reports detail the capital assets of NOAA by major asset category (Aircraft, Ship, ASOS, NEXRAD, etc.). There is a summary of the acquisition cost that shows the beginning balance of the asset category and any prior period adjustments, any current period adjustments, any additions, and any deletions to arrive at the ending balance of the asset category. Also included in the reports are the details for the Unreconciled Procurements Report (UPR) and the details for the government furnished assets.

The Financial reports for the month of September were submitted to Finance electronically on September 21, 2005.

Operational Reports

The operational reports are similar to the financial reports; however, they detail only the assets for a particular Staff/Line Office. The Operational reports by Staff/Line Offices (S/LO) as of August 15, 2005, were provided in this meeting.

The order of the tabs in the operational report has been revised.

Acquisition Date

Heather Hirzel-Potter provided a detailed explanation of all the dates surrounding property such as order date, receipt date, service date, and invoice date. The acquisition date should be the date that the property is ready to be placed into service (or service date) regardless of when the property is actually placed into service. However, this date is not always clearly documented; therefore, the date to be entered into Sunflower as the Acquisition Date should be the date that is supported by documentation.

Heritage Assets

Lynette Joynes spoke about how deferred maintenance is defined as maintenance that was not performed when it should have been or was scheduled to be performed and that is delayed until a future period. She gave the example of the 1851 press that is currently stored on the loading dock in SSMC4. Deferred maintenance on both heritage assets and regular assets should be reported to the Personal Property Branch on a quarterly basis. The first week in February will be “Heritage Week”.

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The question was raised about whether the Custodian of a Heritage asset might be different from the Property Custodian of the general purpose equipment used by an office.

Another data element that will need to be included in future reports of Heritage assets to Finance is the relation of the heritage asset to NOAA's mission.

Agenda Items for Next Meeting

If there are agenda items that the staff/line offices would like addressed in these monthly meetings, please provide them to Personal Property. You may email your suggestions to brian.g.mason@noaa.gov.

Attendees

Judy Mickens - CAO
Richard Sylvester – DOC/OS/IMD
Joy Taylor - DOC
Bernie Foreman – NESDIS
Christine Carpino - NESDIS
Bob Ziobro – NMFS
Rhonda Perry - NMFS
Jan Evans – NWS
George Ann Stansbury, NOS
Mary Manoogian – OAR
Denise Tyler Littleford - AGO
Zeke Dennison – CAO/Logistics
Stella S. Fiotes - CAO/RPFLO
Jon Pinner – PPB
Lyn Joynes – PPB
Derek Jones – PPB
Brian Mason – PPB
Tom Deckard – PPB
Glenn Davis – BranCore Technologies
Paul Myers – BranCore Technologies
Heather Hirzel – Ernst & Young

Via Tele-conference

Gilly Elsea – Kansas City
Anthony Harrison – Kansas City
Anita Holley – Norfolk
Robin MacMillan – Norfolk
Rudy Nunez – Boulder
Hank Kordek – Boulder
Sheila Hensley – Boulder
Elizabeth Valenzona – Seattle
R.J. Dominic – CFO

Did not attend

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Dalena White – CIO
Jeanette McDonald - NMAO
Regina Jackson - GC
George White – USAO
Janice Long - WFM

Date and Time of Next Meeting

The next meeting is scheduled for November 3 @ 11 a.m. at SSMC 4, Room 8150.

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Supplemental Information

Corrective Action Plans (CAPs)

The first topic of the meeting was the status of Corrective Action Plans (CAPs). CAPs are NOAA's response to findings or Management Letter Comments (MLCs) from the annual financial statement audit. CAPs detail the steps that NOAA will take to address the MLCs. Details for each CAP are provided in the back of the Line Office Operational Reports and are available on-line at the NOAA web site.

As a result of the FY 2004 financial statement audit, NOAA had seven MLCs related to Personal Property. NOAA has completed three of the seven CAPs and made continued progress on the remaining four CAPs. The seven MLCs are listed below:

- Management Letter Comment (MLC) #4 – Certification of Annual Inventory of Capitalized Property (Line Offices) – *completed*
- MLC #5 – Modify Sunflower to calculate depreciation correctly - *completed*
- MLC #6 – Ensure proper testing of modifications to Sunflower - *ongoing*
- MLC #7 – Timely submission of documentation to Property Office (Line Offices) - *ongoing*
- MLC #8 – Fill vacant supervisory positions within the Property Office – *completed*. The Financial Support position has been filled. The Branch Chief, Jon Pinner, began working in July.
- MLC #9 – Monthly meetings between Personal Property, Finance Office, and CFOs and/or Line Office Representatives - *ongoing*
- MLC #17 – Compare Bills of Lading to items shipped (NLSC) – *completed*